

Registration number: 07227427

INEOS E&P Services (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



INEOS E&P Services (UK) Limited

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INEOS E&P Services (UK) Limited

Company Information

Directors	Michael Llewellyn Douglas Scott
Company secretaries	Cordelia Pace Gemma McLucas
Registered office	Anchor House 15-19 Britten Street London England SW3 3TY
Solicitor	Slaughter and May 1 Bunhill Row London EC1Y 8YY
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP
Independent Auditor	Deloitte LLP Statutory Auditor Union Plaza 1 Union Wynd Aberdeen United Kingdom AB10 1SL

INEOS E&P Services (UK) Limited

Strategic Report for the Year Ended 31 December 2020

The Directors present the strategic report of INEOS E&P Services (UK) Limited ("the Company") for the year ended 31 December 2020.

Fair review of the business

The Company continued its activities as a service company, carrying on the business of providing services to its immediate parent, INEOS UK E&P Holdings Limited. The employee costs of the Company are recharged to INEOS UK E&P Holdings Limited as the employees are primarily employed to work for the immediate parent company on a no gain/loss basis. The Company also holds an investment in Shetland Land Lease Limited, a company which holds certain land leases in the Shetland Islands associated with the development of the Shetland Island regional gas export system (SIRGES pipeline).

As at 31 December 2020, the Company has net assets of £2,194,000.00 (2019: £2,206,000.00).

As part of a INEOS group-wide simplification project, the Directors intend to transfer all assets and liabilities of the Company to another group company and to liquidate the Company.

Key performance indicators

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Normalised Earnings Before Interest, Tax, Depreciation and Amortisation:			
Normalised EBITDA*	£000	(15)	(29)
Loss for the financial year	£000	(12)	(14)

* The normalised EBITDA has been adjusted for non-recurring expenses such as impairment loss and gain/loss on disposals.

The main KPI of the business is earnings before interest, taxation, depreciation, amortisation and non-recurring items (Normalised EBITDA). Management closely monitors Normalised EBITDA compared to budget and prior year. During the year, the employee costs of the Company were recharged to INEOS UK E&P Holdings Limited as the employees are primarily employed to work for INEOS UK E&P Holdings Limited. Normalised EBITDA has increased due to a lower amount of non-payroll expenses incurred in the year.

Details of actual and comparative Normalised EBITDA results are provided below:

	2020 £ 000	2019 £ 000
Operating loss	(15)	(29)
EBITDA	(15)	(29)
Normalised EBITDA	(15)	(29)

INEOS E&P Services (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Principal risks and uncertainties

The Company's activities involve the provision of services to its group companies and therefore the Company's main ongoing uncertainties relate to the demand for trade from those customers. The Company mitigates such risk by monitoring its resource levels regularly to ensure they are appropriate to maintain the required level of service.

The Company's financial performance is dependent on the level of services required by group companies.

The impact of the UK's exit from the European Union (EU) ("Brexit")

On 31 January 2020, the UK withdrew from the EU, entering into the one-year transition period during which a new trade agreement was negotiated. During the transition period, most EU law continued to apply to the UK and therefore to the Company's UK business during that period. On 30 December 2020, the EU-UK Trade and Cooperation Agreement was signed between the European Union (EU) and the UK. The Company continues to face uncertainties as the future relationship with the EU changes. However, the Company considers that the direct impact of these uncertainties is limited in the short term. The Company will continue to monitor this aspect.

The impact of the emergence and spread of Coronavirus ("COVID-19")

The spread of COVID-19, actions from OPEC+ together with oversupply caused a significant drop in the oil and gas price in 2020. The Company is closely monitoring the evolution of the COVID-19 outbreak and is following the World Health Organisation and local governments' advice. The Company has taken measures to mitigate the risk to keep employees safe, such as requesting all staff who are able to do so to work from home and introducing social distancing measures on all premises.

Approved by the Board on 29 June 2021 and signed on its behalf by:



Michael Llewellyn
Director

INEOS E&P Services (UK) Limited

Directors' Report for the Year Ended 31 December 2020

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

Directors of the Company

The Directors, who held office during the year and up to the date of signing the financial statements were as follows:

Roger Bell (resigned 30 July 2020)

David Brooks (resigned 11 September 2020)

Gareth Anderson (resigned 11 November 2020)

Michael Llewellyn (appointed 2 November 2020)

Douglas Scott (appointed 30 July 2020)

Dividends

The Directors do not propose the payment of a dividend (2019: £Nil).

Financial instruments

Objectives and policies

The Company's operations are exposed to a variety of financial risks that include effects of currency risk, credit risk and liquidity and cash flow risk. The Company has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the Company where appropriate.

Price risk, credit risk, liquidity risk and cash flow risk

The main financial risks which could affect the Company are set out below:

(a) Currency risk: The Company undertakes transactions in various currencies. Although the significant majority of transactions are denominated in Sterling (the Company's functional currency) the Directors review the cost/benefit of currency hedging.

(b) Credit risk: The Company has no significant exposure to credit risk as the majority of its receivables are due from other group companies which the Directors believe will be able to meet their obligations as they fall due.

(c) Liquidity and cash flow risk: The Company has exposure to liquidity and cash flow risk as all receivables are from group companies, however, the risk is low as these balances primarily comprise the cash pooling per group policy.

Future developments

As part of a INEOS group-wide simplification project, the Directors intend to transfer all assets and liabilities of the Company to another group company and to liquidate the Company.

Until the decision is made the Company will continue to operate with minimal activities.

INEOS E&P Services (UK) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Going concern

As part of a INEOS group-wide simplification project, the Directors intend to transfer all assets and liabilities of the Company to another group company and to liquidate the Company.

As required by UK accounting standards, the directors have therefore prepared the financial statements on the basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

All assets and liabilities are current in nature and are expected to be settled at their carrying amounts.

The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such costs were committed at the balance sheet date.

Principal activities

The principal activity of the Company is that of a holding company for the land leases associated with the SIRGES pipeline in Shetland. Additionally, the Company is a service provider to its immediate parent INEOS UK E&P Holdings Limited.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Statement of Director's responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

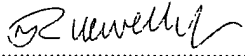
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INEOS E&P Services (UK) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Approved by the Board on 29 June 2021 and signed on its behalf by:



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Michael Llewellyn
Director

INEOS E&P Services (UK) Limited

Independent Auditor's Report to the Members of INEOS E&P Services (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of INEOS E&P Services (UK) Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Statement of Accounting Policies; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than going concern as the Director's intend to cease trading and wind up the Company. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INEOS E&P Services (UK) Limited

Independent Auditor's Report to the Members of INEOS E&P Services (UK) Limited (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation and the sector it operates in; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

INEOS E&P Services (UK) Limited

Independent Auditor's Report to the Members of INEOS E&P Services (UK) Limited (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with local tax authorities, and the licensing authority / industry regulator in the locations where the company operates

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

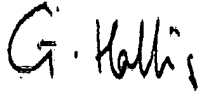
We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

INEOS E&P Services (UK) Limited

**Independent Auditor's Report to the Members of INEOS E&P Services (UK) Limited
(continued)**



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Graham Hollis ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom

29 June 2021

INEOS E&P Services (UK) Limited

Income Statement for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Administrative expenses		<u>(15)</u>	<u>(29)</u>
Operating loss		<u>(15)</u>	<u>(29)</u>
Finance income	7	4	16
Finance costs	8	<u>(1)</u>	<u>(1)</u>
Net financing income		<u>3</u>	<u>15</u>
Loss before tax		(12)	(14)
Tax	9	<u>-</u>	<u>-</u>
Loss for the financial year attributable to owners of the Company		<u><u>(12)</u></u>	<u><u>(14)</u></u>

The above results were derived from continuing operations.

INEOS E&P Services (UK) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

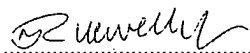
	2020	2019
	£ 000	£ 000
Loss for the year	<u>(12)</u>	<u>(14)</u>
Total comprehensive loss for the year attributable to the owners of the Company	<u>(12)</u>	<u>(14)</u>

INEOS E&P Services (UK) Limited

(Registration number: 07227427)
Balance Sheet as at 31 December 2020

	Note	31 December 2020 £ 000	31 December 2019 £ 000
Non-current assets			
Investments	10	-	4
Current assets			
Trade and other receivables	11	2,287	2,289
Total assets		<u>2,287</u>	<u>2,293</u>
Current liabilities			
Trade and other payables	12	(93)	(87)
Net current assets		<u>2,194</u>	<u>2,202</u>
Total liabilities		<u>(93)</u>	<u>(87)</u>
Net assets		<u>2,194</u>	<u>2,206</u>
Equity			
Share capital	13	1,750	1,750
Retained earnings		444	456
Equity attributable to owners of the Company		<u>2,194</u>	<u>2,206</u>

The financial statements on pages 11 to 25 were approved by the Board on 29 June 2021 and signed on its behalf by:



Michael Llewellyn
Director

INEOS E&P Services (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2020	1,750	456	2,206
Loss for the year	-	(12)	(12)
Total comprehensive loss	-	(12)	(12)
At 31 December 2020	1,750	444	2,194

	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2019	1,750	470	2,220
Loss for the year	-	(14)	(14)
Total comprehensive loss	-	(14)	(14)
At 31 December 2019	1,750	456	2,206

INEOS E&P Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom and registered in England and Wales.

The address of its registered office is:

Anchor House
15-19 Britten Street
London
England
SW3 3TY
United Kingdom

These financial statements were authorised for issue by the Board on 29 June 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with the Companies Act 2006.

The financial statements are prepared on the historical cost basis. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

As part of a INEOS group-wide simplification project, the Directors intend to transfer all assets and liabilities of the Company to another group company and to liquidate the Company. The Directors have therefore prepared the financial statements on the basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

The Company's financial statements are presented in British pound sterling (£), which is also the Company's functional currency. All the amounts in the financial statements have been rounded to the nearest £'000.

Changes in significant accounting policies

Adoption for new and revised standards for 2020

The Company has adopted the following amendments to accounting standards for the first time in 2020 with effect from 1 January 2020, although none have had a material effect on the Company's financial statements in the year unless otherwise indicated:

- Amendments to IFRS 3: Definition of a Business has been adopted from 1 January 2020. The Company has applied this amendment to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business of a group of assets. The details of accounting policies are set out below;

The notes on pages 15 to 25 form an integral part of these financial statements.

INEOS E&P Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform has been adopted from 1 January 2020. This has been applied retrospectively to hedging relationships that existed at 1 January 2020 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to any gain or loss accumulated in the cash flow hedging reserve that existed at 1 January 2020;
- Amendments to References to the Conceptual Framework in IFRS Standards: The Conceptual Framework for Financial Reporting is the foundation on which the IASB develops new accounting standards. The revised Framework is more comprehensive than the old one - its aim is to provide the Board with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures; and
- Amendments to IAS 1 and IAS 8: Definition of Material: The IASB refined its definition of material to make it easier to understand. "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

New and revised accounting standards not applied

A number of new standards and amendments are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The impact of their adoption is being assessed and is not expected to have a material impact on the Company's financial statements in the period of initial application unless otherwise indicated.

- Amendment to IFRS 16- COVID-19- Related Rent Concessions (effective date 1 June 2020);
- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform - Phase 2 (effective date 1 January 2021);
- Amendments to IAS 37: Onerous Contracts-Cost of Fulfilling a Contract (effective date 1 January 2022);
- Amendments to References to the Conceptual Framework in IFRS 3 (effective date 1 January 2022);
- Amendments to IAS 16: Property, Plant and Equipment-Proceeds before Intended Use (effective date 1 January 2022);
- Annual Improvements to IFRS Standards 2018-2020 (effective date 1 January 2022);
- IFRS 17 Insurance Contracts (effective date 1 January 2023); and
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date 1 January 2023).

INEOS E&P Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- The requirements of IFRS 7 'Financial Instruments: Disclosures' as the relevant disclosures have been made in the consolidated financial statements of the parent company, INEOS E&P UK Holdings Limited.
- Paragraph 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - I. paragraph 79(a)(iv) of IAS 1;
 - II. paragraph 73(e) of IAS 16 Property, plant and equipment;
 - III. paragraph 118(e) of IAS 38 Intangible assets (reconciliation between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'.
- The requirements of paragraph 58 of IFRS 16 'Leases'.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets' as the relevant disclosures have been made in the consolidated financial statements of the parent company, INEOS E&P UK Holdings Limited.

INEOS E&P Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern

As part of a INEOS group-wide simplification project, the Directors intend to transfer all assets and liabilities of the Company to another group company and to liquidate the Company.

As required by UK accounting standards, the directors have therefore prepared the financial statements on the basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

All assets and liabilities are current in nature and are expected to be settled at their carrying amounts.

The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such costs were committed at the balance sheet date.

Finance income and expense

Finance expenses comprise interest payable and other finance charges, unwinding of the discount on provisions, and net foreign exchange losses. Finance income includes interest receivable on funds invested.

Finance income and expense is recognised in the income statement as it accrues, using the effective interest method.

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the year end date, and any adjustment to tax payable in respect of previous years.

Investments

Investments in jointly controlled entities, associates and subsidiaries are recorded at cost, which is the fair value of the consideration paid, less accumulated impairment losses.

The notes on pages 15 to 25 form an integral part of these financial statements.

INEOS E&P Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating units exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Defined contribution pension obligation

The Company operates a defined contribution retirement plan. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plan if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be measured reliably.

Financial instruments

Classification and measurement

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, and trade and other payables.

The notes on pages 15 to 25 form an integral part of these financial statements.

INEOS E&P Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Financial assets at amortised cost

Trade and other receivables

Trade and other receivables are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition they are tested for classification as per IFRS 9. If the trade receivables satisfy the criteria for cash flow characteristics test and business model test as per IFRS 9, then they are recognised at amortised cost. If they do not qualify for being recognised at amortised cost they are recognised at fair value through profit and loss.

Financial liabilities at amortised cost

Trade and other payables

Trade payables are obligations to pay for products or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as amounts falling due after more than one year.

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Impairment of financial assets

Measurement of Expected Credit Losses

The expected credit loss model is applied for recognition and measurement of impairments in financial assets measured at amortised cost. The Company applies the simplified approach when providing for expected credit losses prescribed by IFRS 9 for its trade receivables and contract assets. This approach requires the Company to recognise the lifetime expected loss provision for all trade receivables taking in consideration historical as well as forward looking information.

Financial assets which are considered low risk are not provided for impairment by the Company.

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

3 Critical accounting judgements and key sources of estimation uncertainty

The Company prepares its financial statements in accordance with FRS 101, which requires management to make judgements, estimates and assumptions which affect the application of accounting policies, and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods. There are no critical estimates.

The following areas are considered to involve a significant degree of judgement:

The notes on pages 15 to 25 form an integral part of these financial statements.

INEOS E&P Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Judgement

Calculated loss allowance on amounts owed by group undertakings

The Company applies the simplified approach when providing for expected credit losses prescribed by IFRS 9 for its trade debtors. Under the simplified approach, an expected credit loss is recognised for all possible events impacting recoverability over the expected life of the trade debtors.

As at the 31 December 2020, the amount owed by group undertakings is £2,827,000 (2019: £2,283,000). This amount is owed by INEOS UK E&P Holdings Limited. The expected credit loss on this intercompany balance is estimated to be immaterial and thus no provision has been recognised. See note 10 for further details.

4 Auditor's remuneration

	2020 £ 000	2019 £ 000
Audit of the financial statements	12	12

5 Directors and employees

The Company has 21 employees (2019: 14). The Directors received no remuneration for their services to the Company. Details of total remuneration paid to Directors are disclosed in the financial statements of INEOS UK E&P Holdings Limited.

6 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2020 £ 000	2019 £ 000
Wages and salaries	2,633	2,600
Social security costs	353	344
Pension costs, defined contribution scheme	210	166
	<u>3,196</u>	<u>3,110</u>

The monthly average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	2020 No.	2019 No.
Production	18	10
Administration and support	3	4
	<u>21</u>	<u>14</u>

The notes on pages 15 to 25 form an integral part of these financial statements.

INEOS E&P Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

6 Staff costs (continued)

Payroll costs incurred by the entity were £3,196,000 (2019: £3,110,000) charged to administrative expenses. £3,196,000 (2019: £3,110,000) was recharged to the Company's immediate parent, INEOS UK E&P Holdings Limited, and recorded as a credit to administrative expenses.

7 Finance income

	2020 £ 000	2019 £ 000
Interest income from group undertakings	4	16

8 Finance costs

	2020 £ 000	2019 £ 000
Interest paid to group undertakings	1	-
Other finance costs	-	1
	1	1

9 Tax

The tax on (loss)/profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019: lower than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Loss before tax	(12)	(14)
Corporation tax at standard rate	(2)	(3)
Increase from tax losses for which no deferred tax asset was recognised	2	-
Increase arising from group relief tax reconciliation	-	3
Total tax charge/(credit)	-	-

The standard rate of corporation tax is 19%. Changes to the UK corporation tax rates were enacted as part of Finance Act 2016. These changes included reduction to the main rate of corporation tax to 17% from 1 April 2020. However, on 11 March 2021, during Budget 2021, the Government announced that the main rate of corporation tax will increase to at 25% from 1 April 2023. Given that the company is not providing any deferred tax at that rate this change will not have any impact on the recorded tax position.

INEOS E&P Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

10 Investments

Associates

	£ 000
Cost	
At 1 January 2020	4
At 31 December 2020	4
Provision	
Impairment charge	4
At 31 December 2020	4
Carrying amount	
At 31 December 2020	-
At 31 December 2019	4

During the year, the Shetland Land Lease was written down to £nil following an impairment review, concluding that the investment was deemed unrecoverable.

Details of the associates as at 31 December 2020 are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Shetland Land Lease Limited	Development of building projects	18th Floor, 10 Upper Bank Street, Canary Wharf, London, England, E14 5BF United Kingdom	20%	20%

The notes on pages 15 to 25 form an integral part of these financial statements.

INEOS E&P Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Trade and other receivables

	31 December 2020 £ 000	31 December 2019 £ 000
Amounts owed by group undertakings	2,287	2,283
Prepayments	-	6
Total current trade and other debtors	<u>2,287</u>	<u>2,289</u>

Amounts owed by group undertakings includes a balance £2,287,000 (2019: £2,283,000) that represents internal cash accounts. They are due on demand and bear interest at LIBOR plus a margin of 0.05%.

12 Trade and other payables

	31 December 2020 £ 000	31 December 2019 £ 000
Trade payables	78	71
Accrued expenses	15	16
	<u>93</u>	<u>87</u>

13 Called up share capital

Allotted, called up and fully paid shares

	31 December 2020		31 December 2019
	No. 000	£ 000	No. 000 £ 000
Ordinary Shares of £1 each	<u>1,750</u>	<u>1,750</u>	<u>1,750</u> <u>1,750</u>

14 Related party transactions

During the year, the Company entered into transactions with related parties, in the ordinary courses of business. The Company has also taken advantage of the exemption under paragraph 8 of Financial Reporting Standard 101 not to disclose transactions with the fellow subsidiaries under common ownership.

The notes on pages 15 to 25 form an integral part of these financial statements.

INEOS E&P Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

15 Non adjusting events after the financial period

As part of a INEOS group-wide simplification project, the Directors intend to transfer all assets and liabilities of the Company to INEOS UK E&P Holdings Limited and plan to liquidate the Company.

16 Parent and ultimate parent undertaking

The Company's immediate parent is INEOS UK E&P Holdings Limited.

The ultimate parent is INEOS Limited, a company incorporated in the Isle of Man.

The smallest group to consolidate these financial statements is INEOS UK E&P Holdings Limited. Copies of the INEOS UK E&P Holdings Limited consolidated financial statements are available upon request from Anchor House, 15-19 Britten Street, London SW3 3TY, United Kingdom.

The most senior parent entity producing publicly available financial statements is INEOS Industries Limited. These financial statements are available upon request from Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

The ultimate controlling party is Mr J A Ratcliffe.